

NORTH DAKOTA PUBLIC SERVICE COMMISSION
September 25, 2002

**Montana-Dakota Utilities Co., a Division of
MDU Resources Group, Inc.
October 2002
Purchased Gas Adjustment-Natural Gas**

**PU-399-02-484
Filed 09/11/2002**

SUMMARY OF PROPOSAL:

For gas bills issued during October 2002, MDU is decreasing its purchased gas adjustment by \$.501 per dekatherm for residential and firm general service customers. This changes the current purchased gas adjustment from negative \$.806 per dk to negative \$1.307 per dk.

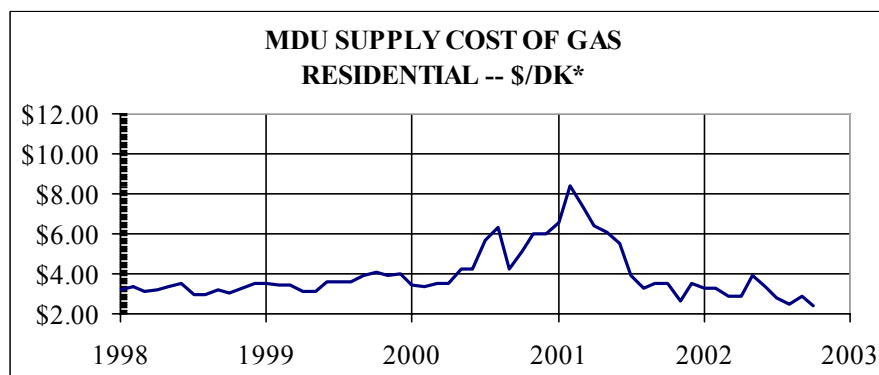
The change in the purchased gas adjustment for residential customers results from:

- \$.453 per dk decrease in the commodity cost of gas
- \$.048 per dk decrease in prepaid commodity and storage balances

The resulting supply cost of gas for October usage, excluding the annual surcharge adjustment and the margin sharing, is \$2.912 per dk. The resulting billed cost of gas, including the annual surcharge adjustment and the margin sharing, is \$2.362 per dk.

The reduction in commodity cost is attributed to increased production in the Rockies region without a corresponding increase in market demand and/or pipeline capacity to transport it to other regions or market centers.

The CIG Rocky Mountain Index is based on a detailed price discovery survey by several natural gas periodicals, such as the "Inside FERC Gas Market" report and "Gas Daily" by McGraw Hill, or prices paid by willing sellers and buyers of quantities of gas in that region. The CIG Rocky Mountain Index is indicative of most supplies MDU purchases for its requirements.



This PGA change will decrease the October bill for a typical residential customer with usage of 7.5 dk by \$3.76. There were 82,815 MDU customers in North Dakota as of July 31, 2002.

The Department of Energy's (DOE) Energy Information Administration (EIA) provides various publications on energy issues. The information is available on the EIA's website: <http://www.eia.doe.gov>.

M O T I O N

September 25, 2002

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October 2002
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Case No. PU-399-02-484

I move the Commission approve Montana-Dakota Utilities Co.'s Natural Gas
Purchased Gas Adjustment for October 2002, Case No. PU-399-02-484.

PJF/sdh